

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
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ST. FRANCIS' HOSPITAL, : **Case No. 13-37725 (CGM)**
POUGHKEEPSIE, NEW YORK, *et al.*,¹ :
:
: **(Jointly Administered)**
Debtors. :
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**SECOND STIPULATION TO EXTEND THE
INTERIM DEBTOR-IN-POSSESSION FINANCING ORDER**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

As set forth below, (i) St. Francis' Hospital, Poughkeepsie, New York ("St. Francis") and its affiliated debtors, as debtors in possession (collectively, the "Debtors"); (ii) MidCap Financial, LLC ("MidCap Financial") and MidCap Funding V, LLC ("MidCap Funding" and, together with MidCap Financial, as lender, the "DIP Lender" and, as agent, the "DIP Agent"); (iii) the Bond Trustee (as defined below); (iv) the Committee (as defined below); and (v) the United States Trustee hereby stipulate and agree to further extend the effect of the Interim Order (i) Authorizing Debtors, (A) to obtain Post-Petition Secured, Superpriority Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, and 364 and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (ii) Granting Adequate Protection to Pre-Petition Secured Creditors Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(B) and 4001(C) (the "Interim DIP Order"), entered by the Court on or about December 20, 2013 [Dkt. # 44] through and including January 29, 2014.

WHEREAS:

1. On December 17, 2013 (the "Petition Date"), the Debtors commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in this Court. The Debtors

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number include: St. Francis' Hospital, Poughkeepsie, New York (8503), Saint Francis Home Care Services Corporation (3842), SFH Ventures, Inc. (0024), Saint Francis Health Care Foundation, Inc. (5066), and Saint Francis Hospital Preschool Program (1079).

continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On December 23, 2013, the United States Trustee appointed an Official Committee of Unsecured Creditors (the “Committee”). No trustee or examiner has been appointed in these chapter 11 cases.

3. The Debtors chapter 11 cases were consolidated for procedural purposes only and jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

4. On or about December 17, 2013, the Debtors’ filed their Motion for Entry of Interim and Final Orders (i) Authorizing Debtors, (A) to obtain Post-Petition Secured, Superpriority Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, and 364 and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363; (ii) Granting Adequate Protection to Pre-Petition Secured Creditors Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (iii) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(B) and 4001(C) [Dkt. No. 13]

5. On December 20, 2013, the Court entered the Interim DIP Order which authorized the DIP Lender to advance funds under the DIP Credit Agreements on an interim basis pending a final hearing that was scheduled for January 21, 2014 (the “Final DIP Hearing”).

6. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7. Prior to the Final DIP Hearing, the Debtors received a number of objections (the “DIP Objections”) to entry of the Final DIP Order.

8. Prior to, and at, the Final Hearing, the Debtors worked in conjunction with the DIP Lender, Manufacturers and Traders Trust Company, as Bond Trustee (the “Bond Trustee”), the Committee, the

United States Trustee and the various objecting parties to resolve the contested issues set forth in the DIP Objections. The parties were able to reach agreement in principal resolving all of the bases for objection and reported so to the Court at the conclusion of the Final DIP Hearing.

9. At that time, it was agreed on the record, and authorized by the Court, that the Interim DIP Order would be extended to and through January 24, 2014 to allow the parties time to memorialize the terms resolving the various DIP Objections in the Final DIP Order.

10. Despite the parties' best effort, they required additional time to incorporate the terms of resolution of the DIP Objections into the Final DIP Order.

11. Accordingly, on January 24, 2014², the parties delivered a Stipulation to Extend the Interim DIP Order through January 27, 2014 (the "Stipulation") [Dkt #186] to allow for additional time to fully incorporate the agreed-upon terms into the Final DIP Order. With the exception of objecting party Columbia SFH, LLC ("Columbia"), all other objections have been resolved with counsel for the other objectors, the Committee, the DIP Lender, the Bond Trustee and the United States Trustee, pending such parties reservation of rights to review of the form of Final DIP Order that has yet to be circulated because of the pending dispute with Columbia. The Debtors and the DIP Lender continue to work with counsel for Columbia to provide acceptable language in the Final DIP Order to resolve Columbia's objection. While the parties believe they are close to resolution, no final agreement has been reached at this time.

² The Stipulation was delivered to the Court on Friday, January 24, 2014, but problems with the Court's eOrder and ECF systems prevented the docketing of the Stipulation until Monday, January 28, 2014.

NOW THEREFORE, the undersigned, on behalf respectively of the Debtors, the DIP Lender, the Bond Trustee, the Committee, and the United States Trustee stipulate and agree to extend the effect of the Interim DIP Order through and including January 29, 2014.

Dated: January 28, 2014
New York, New York

SO STIPULATED BY:

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No Objection:

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Dated: January 29, 2014
Poughkeepsie, New York



/s/ Cecelia G. Morris

Hon. Cecelia G. Morris
Chief U.S. Bankruptcy Judge